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ABSTRACT

This booklet is designed to help first-time car buyers determine if they can or should buy a car and how to get the most from their car-buying dollar. Leasing and renting options also are discussed. The booklet outlines the process of buying a new car, starting with a review of sizes, types, and features. This is followed by a rundown on showroom and road tests, guidelines on negotiating, and pointers on the sales contract, warranty, and service contract. Information is also provided on taking delivery and obtaining the official documents. Sections on financing and insurance are included. The booklet also discusses the pros and cons of selling versus trading a car and explains how car-buying services operate. Identifying the best buys on used cars is shown, and guidelines on maintenance and repairs and resolving consumer problems are provided. Resources and cost-cutting tips also are given throughout the booklet. (KC)

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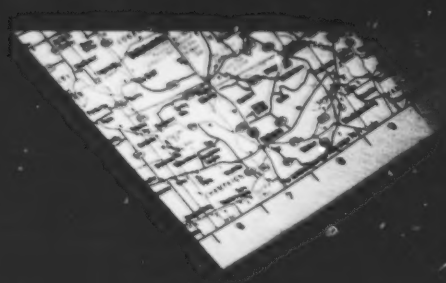

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money management

Your Automobile Dollar

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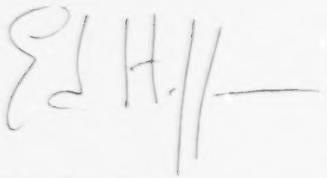

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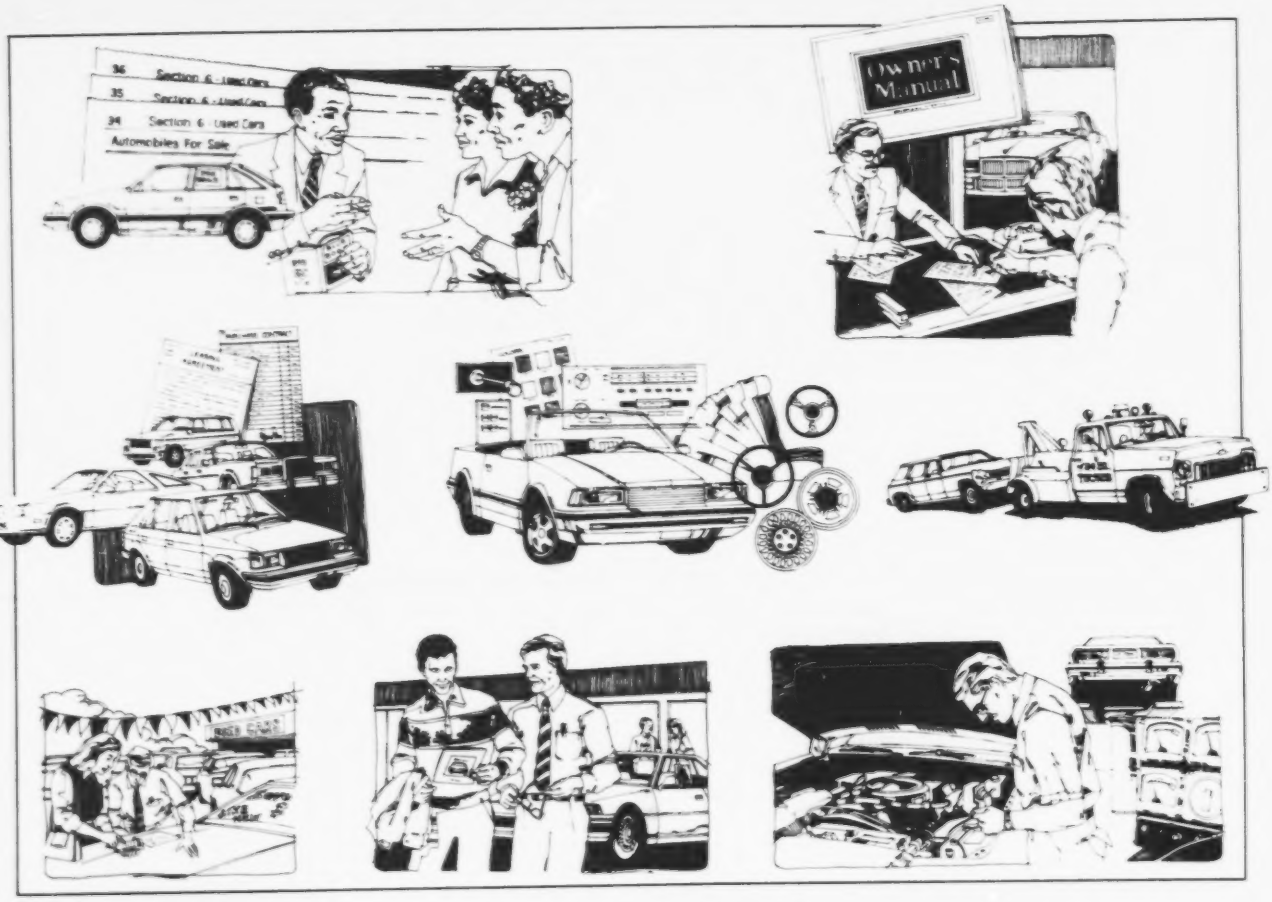

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Introduction

No doubt about it, a car is a king-size investment. Are you ready to take on so great a responsibility? YOUR AUTOMOBILE DOLLAR can help you make up your mind. Decide you can and it will help you meet the challenge head on!

Wise management of car costs involves more than getting the best vehicle for the money. It means determining how much it will cost to own and operate an automobile. It means shopping for financing and car insurance coverage as well as for the car itself. It may even mean discovering you don't need to own one after all, and opting for renting or leasing instead.

YOUR AUTOMOBILE DOLLAR emphasizes the importance of *pre*-shopping, and reviews the various car sizes, types and features. It walks you through the buying process, from the showroom and road tests to the signing of the purchase agreement and, ultimately, taking delivery of the car. It also includes information on car-buying services.

Are your sights set on a used car? It shows how to select a good one and, to help you keep it that way, provides guidelines on maintenance and repairs. If, despite your best efforts, you experience a consumer problem, you'll also find step-by-step instructions on how to resolve it.

YOUR AUTOMOBILE DOLLAR, in short, can help you make informed choices every step of the way. It contains practical cost-cutting tips, lists of excellent resources, and several valuable charts. Draw on its wealth of guidance and information and approach car ownership with knowledge and confidence!

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Will You Buy, Rent or Lease?

You have three matters to explore at the start—whether you truly need a car... how much you can afford to spend... and if leasing or renting are viable options. If you already own a car, there may be one more option—to sell or fix it up.

Carefully consider your transportation needs. A good way to identify them is to keep track, over three or four weeks, of the times and reasons you'd use a car. Is public transportation a reasonable alternative?

Can You Afford a Car?

If owning a car is indeed a necessity, your first step is to determine if you can meet the costs involved. You'll need enough cash for a down payment and sufficient monthly income to cover the installment payments and monthly ownership and operating costs.

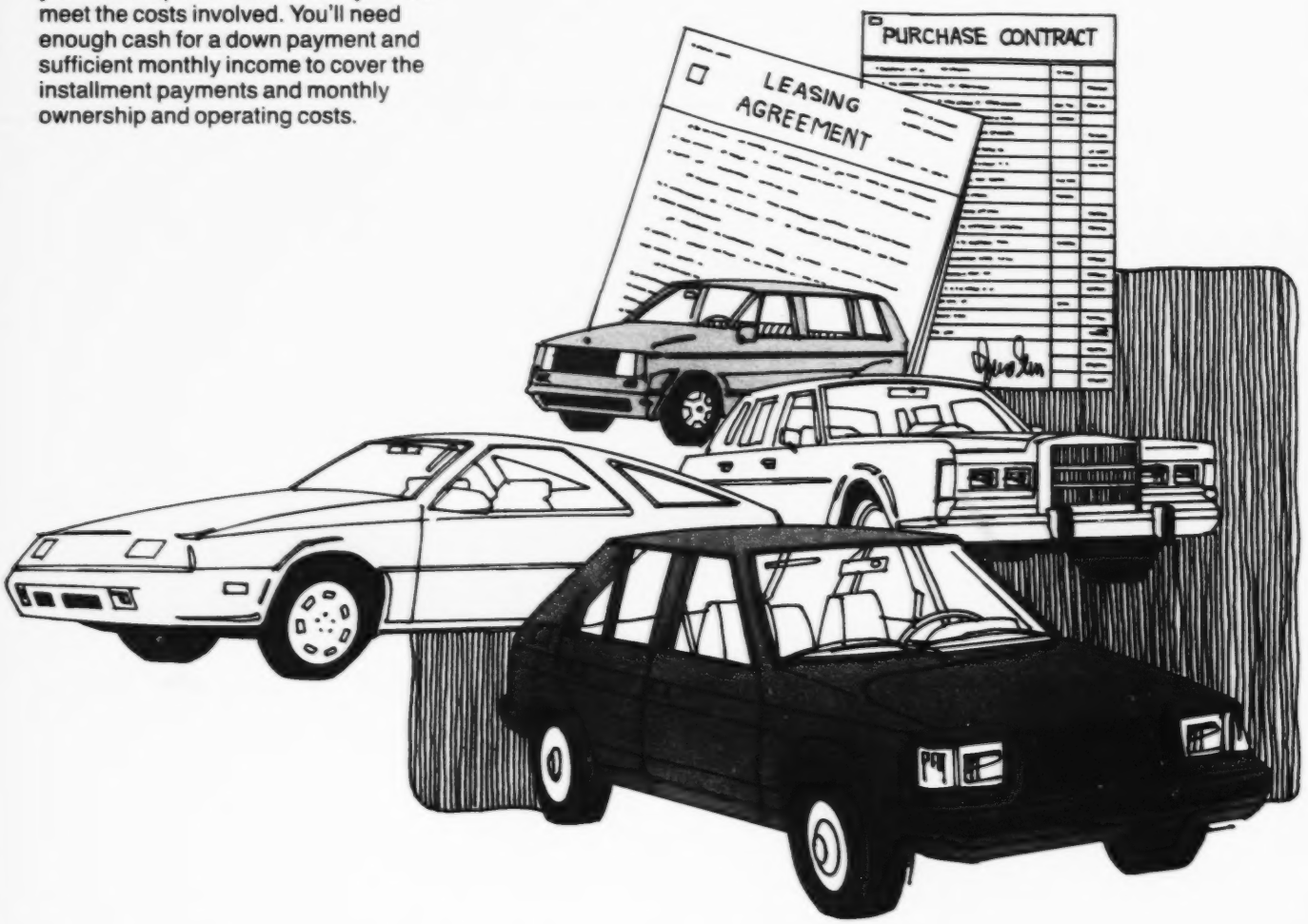
Your Financial Situation

Car costs should fit comfortably into an overall spending plan.* For starters, how much could you allot to a down payment? How many assets could you convert to cash—money in checking and savings accounts, savings bonds, government and corporate bonds and stocks, etc.? (Ideally, you'd retain at least three months' income in an emergency fund.)

If you have a car to sell or trade, add its current resale value to these assets. Check the National Automobile Dealer Association's (NADA) *Official Used Car Guide* or ask any lender for this figure.

Next examine the amount you have available to spend on a car each month. Add up your monthly income after taxes and deduct from the total your monthly expenses—for *fixed* items like rent or mortgage payments, utilities, insurance, installments and regular savings—and such *flexible* items as food, clothing, recreation and travel. Car costs—including installment payments—will have to come from the amount you have left.

*YOUR FINANCIAL PLAN, listed on page 32, provides additional information on setting up an overall spending and saving plan.



AVERAGE COSTS OF OWNING AND OPERATING AN AUTOMOBILE*			
		Annual Mileage 15,000	
	Cost per month	Cost per year	Cost per mile
Fixed Expenses Installment payment			
Insurance	$ 46.33	$ 556.00	3.71¢
License fees, registration and taxes	$ 10.91	$ 131.00	.87¢
Other:			
Total Fixed Expenses	$ 57.24	$ 687.00	4.58¢
Flexible Expenses Gasoline and oil	$ 62.50	$ 750.00	5.00¢
Tires	$ 10.00	$ 120.00	.80¢
Maintenance (parts, repair, etc.)	$ 20.00	$ 240.00	1.60¢
Miscellaneous			
Total Flexible Expenses	$ 92.50	$1,110.00	7.40¢
Total Fixed and Flexible Expenses (excluding installment payment and finance charge)	$149.74	$1,797.00	11.98¢

*The above figures were furnished by Runzheimer International, Rochester, Wisconsin. They are composite figures, based on the average ownership and operating costs in the United States of a 1988 4-cylinder, 4-door Ford Escort hatchback; a 1988 6-cylinder, 4-door Chevrolet Celebrity sedan; and a 1988 6-cylinder, 4-door Chevrolet Caprice sedan, driven 15,000 miles a year and retained in service for 4 years. Cost-per-year figures have been rounded to the nearest dollar.

What a Car Will Cost You

To know what you can afford to buy, you must determine what your costs will be. If you're hoping for a new car, begin by obtaining the base prices of two or three similar models. Look them up in a current new-car guide or check window stickers in dealer showrooms. While you're at it, pick up some brochures.

The chart on this page shows the *average* ownership and operating costs of new cars. Your exact expenses will depend on the size car you select, your annual mileage, how and where you drive, and the amount of service and repairs you'll need, but the figures on the chart should suffice for planning purposes.

Your *fixed* auto expenses—insurance premiums, license fees, installment payments and depreciation—will vary little from month to month, whether you drive 50,000 or 50 miles annually. Your *flexible* auto expenses—for gas, oil, antifreeze, tires, greasing, tune-ups, waxing, protective maintenance, for example, and periodic repairs—will depend on the number of miles you drive and how long you keep the car.

Fill in your estimated expenses on the chart, page 5. Filling it out should be easier if you currently own a car, because you will have some knowledge—if not actual records—of what these various expenditures run. If you are not presently an owner, ask someone who drives the kind of car you hope to buy to give you an estimate of expenses. How do the figures compare with the money you have available?

Divide your yearly costs by 12 to get your average monthly expense. To figure the cost of operating your car per mile, divide the costs per year by the annual mileage driven.

If you fall short of the amount needed for the down payment, regularly put aside a set amount from each paycheck until you've accumulated enough cash. The more you can put down, the better.

To reduce your overall costs, buy a used car or less expensive new car which costs less to own and operate. Consider extending the length of the loan to reduce the monthly payments. (This will increase the total cost of the car.) Or increase the down payment if you can, thereby reducing the amount of your monthly payments.

It's important to know that the biggest expense with a new car is *depreciation*—the amount of value it loses with time and use or, to put it another way, the difference between what you pay for it and the price you get when it sells. This is not included in your chart of personal operating expenses, however, because it is not an out-of-pocket expense.

PERSONAL COSTS OF OWNING AND OPERATING AN AUTOMOBILE			
	Annual Mileage _____		
	Cost per month	Cost per year	Cost per mile
Fixed Expenses Installment payment			
Insurance			
License fees, registration and taxes			
Other:			
Total Fixed Expenses			
Flexible Expenses Gasoline and oil			
Tires			
Maintenance (parts, repair, etc.)			
Miscellaneous			
Total Flexible Expenses			
Total Fixed and Flexible Expenses			

How About Renting?

If you don't need a car all of the time, renting may make sense. Since you pay only for the times you use it and the number of miles you drive, it can cost much less than owning one.

Rental rates vary a lot, not only from one type and make of car to another, but from one rental firm to the next. Costs vary within a firm too, depending on the arrangements you make. Be sure to ask about holiday rates, weekend specials, etc., and comparison shop by phone before selecting a company. You'll find them in the Yellow Pages. Wherever you rent it is wise to:

- Reserve the car a week in advance, in order to get the kind you want.
- Find out if you're eligible for a discount. Many corporations, associations and other groups make them available to members.
- Use a credit card so you can charge the deposit instead of leaving cash. It's next to impossible to rent a car without a credit card.
- Check whether rental rates are set on a round-trip basis. If you leave the car elsewhere you may have to pay a drop fee.
- Read the rental contract carefully.
- Have every member of your household who might drive sign the rental agreement. Each one must show a driver's license.
- Find out what happens if you're late returning the car. Delays can prove costly.
- Compare the mileage noted on the contract with that on the odometer before driving off the lot. If the odometer figure is higher, you'll end up paying for more miles than you actually drive.
- Check the insurance coverage. Don't reject the *collision-damage waiver* (CDW) unless your own policy covers any accident you might have while driving a rental car. You could end up responsible for the costs of repairing damages. You should be aware, however, that if you reject the CDW because you're already insured, you could still be required to put up at least $2000 immediately after an accident. This might be a major problem for some car renters, even though their insurance companies would eventually reimburse them. (Note: The CDW is currently under review by the National Association of Insurance Commissioners and may be altered.)

Is Leasing a Possibility?

Leasing a car could be an attractive alternative for someone who has sufficient monthly income to make regular payments but does not want to put any money down. It especially appeals to people who need a car for a limited length of time... buy a car at least every three or four years... like to know their monthly costs in advance... hope to obtain a good return on the money that otherwise would be used for a down payment... seek relief from the hassle of shopping for, insuring, maintaining, repairing and selling a car.

The lessor retains ownership and your payments entitle you only to the *use* of the car. (You build up no equity.) You agree to pay a certain amount per month, making the first and last payments upon delivery. Included in the first payment are the license and registration fees and a security deposit.

More people than ever are leasing today. Leasing may cost more overall than ownership, however, and to qualify for a lease you need a good credit rating, an average income, and good job and driving records. The advantages are:

- The down payment, if any, is usually lower than that on a typical car purchase.
- Monthly payments are usually lower than installment payments would be.
- Lessors typically take care of registration, inspection, paperwork, and sometimes arrange insurance, maintenance and repairs.
- Lessees seldom pay sales tax and they obtain fast possession.

If you are seriously considering leasing instead of purchasing, be sure to compare the *total* costs of buying on credit with the *total* costs of leasing, as well as the difference in monthly payments.

Leasing Contracts

The most common type of leasing contract used today is the *closed-end* lease. The cost is fixed when you sign the contract. You walk away at the end of the term without paying anything else, unless the car shows excess wear and tear, there's some serious damage, or you've exceeded the mileage limits. The company takes the loss if the car's resale value is lower than expected.

You must be given a written statement of all costs, including any advance payments, the number, amount and total of your regular payments and the amounts required for licenses, registration, taxes and other fees. You must also be given the terms of the lease—insurance requirements, warranty coverage, maintenance and service responsibilities, penalties for default or late payment, charges for excess miles driven, and rights to cancel, for example.

The lease may include the right to renew or to buy the car when it ends. In addition, you can take a full-service plan for an additional fee or pay for upkeep, repairs, registration and insurance yourself. Generally a security deposit equal to one payment is required.

Shopping for a Lease

It pays to shop around for leasing programs and financial arrangements, not just for rates. The company's reputation is also of vital importance. Talk to people who have leased cars and find out which companies deliver on promises. Call the local Better Business Bureau for reliability reports.

Negotiate the lease terms. With the monthly payment pegged to the car's resale value, you might be able to get a cheaper lease on a car with a low depreciation rate. Don't forget, however, that the resale value ultimately is affected by the car's condition when you return it.

It's important to understand the basics of leasing. Read the contract from top to bottom, including all the fine print. Don't hesitate to ask questions like these:

- How much will your monthly payments total over the term of the lease?
- Will you be penalized if you exceed the mileage limit? Get a rebate if you drive less?
- Will you be responsible for maintenance or will the lessor assume part of it? Will the lessor assume responsibility for servicing if the car breaks down away from home?
- What are the criteria for normal wear and tear?
- What penalties would there be if you had to break the lease?
- What are your choices at the lease's end?
- What is the minimum acceptable insurance coverage? Would you be better off getting it through the company or your own insurance company?

When You Already Own a Car

Drive your car as long as you can if you really want to cut costs. People are astonished to learn that well-cared-for automobiles can provide reliable transportation for well over 100,000 miles. If you happen to own a middle-aged but serviceable auto, the ownership costs will run considerably less than those of a new car.

Even big repair bills won't equal what you'd lose in depreciation the first two years of new-car ownership and your collision-insurance rates will be lower. If the car's been paid for, the economic advantages are even greater.

To find out if the car's basic condition is fundamentally sound, have a mechanical inspection made, even if the car apparently is in good condition. Go to a diagnostic center or to a trusted mechanic who's worked on the car regularly. If the repairs total more than half the value of the car, replace it.

Preshopping for a New Car

Your chances of getting full satisfaction from the car you buy are much better if you do some investigating before you start shopping. Obtain the pertinent facts on the cars and options that most interest you, and carefully weigh the benefits of each feature you want against its cost.

The overview of sizes, types and options that follow can get you started. You'll need more specific information of course—depreciation rates, fuel consumption, safety features, repairs and maintenance costs, insurance rates, etc. Investigate warranty coverage also, if you're interested in the best warranty protection available, and the car's reputation for reliability. This information is all available in various automotive and/or consumer publications, to be found in libraries, at bookstores and newsstands.

It's wise to avoid a brand new model being manufactured for the first time. Choose one that's had a track record of at least a year. And, if there's a conflict between what you need, want and can afford, ask yourself: What is most *important*?

The Matter of Size

There are four basic car sizes—subcompact, compact, intermediate and full-size, with specialty/sport or high-performance cars in a class by themselves. (Minibuses, vans, light trucks and all-terrain vehicles unfortunately are beyond the scope of this booklet.)

While the costs of fuel, parts, repairs, maintenance and depreciation all increase with the size of a car, those with a high price tag always cost more to own and operate than economy lines, regardless of size. The chart on page 8 lists the advantages and disadvantages of the various size cars.

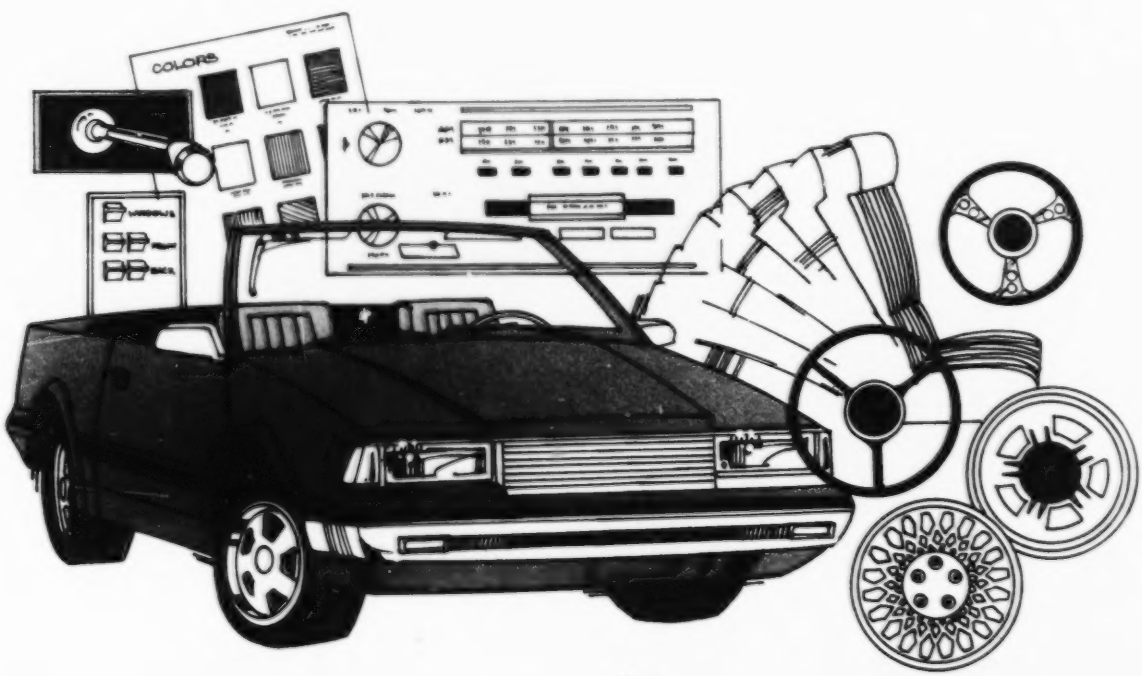
Which Body Type?

Once you've decided on the size car to get, there'll be other decisions to make. Will it be a sedan, station wagon, hatchback, convertible or sports car? The basic styles are available in various sizes, prices and makes. See the chart on page 9 for the advantages and disadvantages to each type.

Imported or Domestic?

The differences between foreign and domestic cars are nowhere near as great as they were with the first influx of imports. Many small, lightweight, high-mileage American-made cars now provide stiff competition, but imports depreciate less and a number of optional accessories in domestic cars are standard equipment in the foreign-made. Repairs on foreign cars are often costlier than the repair of domestics, however, because of the costs of importing parts.

The selling prices of foreign cars vary with international money markets. Price negotiating is done infrequently because dealers seldom lower their prices or take special orders. Shop around anyway, because prices do vary from one dealer to the next.



CAR SIZES

	ADVANTAGES	DISADVANTAGES
Subcompact	• The lowest price car within a given line. • Excellent mileage. • Lowest operating and maintenance costs. • Easy to maneuver and park. • Less expensive parts. • Power steering and power brakes unnecessary.	• Less comfortable ride. • Smaller seating capacity. • Minimal luggage space. • Very limited towing capacity. • Poor pickup at highway speeds. • Low crash-resistance. • High number of insurance claims for personal injuries.
Compact	• Somewhat higher priced than subcompacts. • Low operating and maintenance costs. • Good mileage. • Easy to handle and park. • Good commuter cars.	• Less comfortable than larger cars. • Limited space for passengers and luggage, but more than in subcompacts. • Limited options.
Intermediate	• Adequate room for five adults for long trips. • Comfortable ride. • Moderately priced. • Easy handling in traffic; easy to park. • Good selection of engines and options. • Satisfactory mileage. • Includes equipment that's optional in smaller cars.	• Unsuitable for heavy-duty trailer towing and heavy loads. • Larger engines required in hilly terrains.
Full Size	• Smoothest, most comfortable ride. • Ample room for six passengers and considerable luggage. • Medium-priced models available. • Wide choice of options. • High degree of crash protection. • Good for towing trailers. • Good for long trips.	• More costly to buy, operate and maintain. • Low mileage. • Harder to park and handle in traffic.

BODY TYPES

	ADVANTAGES	DISADVANTAGES
Two-door sedans	• Less costly than 4-door sedan. • Streamlined appearance. • Good for family with small children; no rear doors to accidentally open. • Least subject to body squeaks. • Central side pillars provide extra stability. • Lowest cost body type in a given line.	• Harder to get in and out of from the rear seats. • Wider, heavier doors are harder to handle.
Four-door sedans	• Easy entrance and exit both front and rear. • Narrower, lightweight doors are easier to manage than those of two-door sedan.	• Two more doors mean more squeaks and drafts. • Rear-door handles are accessible to children.
Hardtops—two door and four door	• Sportier in appearance than sedans. • Side views unobstructed by body pillars. • Resale value higher than that of sedans.	• Higher priced than sedans. • Roof structure not as rigid.
Station wagons	• Ample space for passengers and cargo. • Come in most sizes.	• Heavier than sedans in the same make and series. • Less maneuverable. • Higher priced and more expensive to operate than comparable-size sedans. • Noisier than sedans. • Slower to heat and cool.
Hatchbacks	• Greater luggage capacity than sedans. • Dual purpose: combines certain features of sedans and station wagons.	• Contents in rear are exposed.
Specialty/Sports cars	• Highly desirable styling. • Wide range of options. • High-performance cars; more horsepower per pound.	• Generally seat only two people. • Least practical of all body types. • Little storage space. • Can be difficult to control. • Costlier to run, maintain and insure than other types.
Convertibles	• Confer status on owners. • Highly desired, sporty, casual look. • Heavier, with lower center of construction.	• More vulnerable in an accident. • More subject to theft and vandalism. • Tendency to squeak and rattle with age. • Less insulation than metal-roof cars.

Which Features?

On the larger domestic cars, features that once were optional are now included in the base price. Domestic small cars frequently come stripped, without options, although most of them can be added.

The ever increasing number and kinds of features and options over the years have undeniably added much to driving comfort and convenience, and they often bring more for the car at trade-in time. Keep in mind that they're not a one-time expense, however. They frequently add weight to a car (thus lowering mileage), and increase finance and insurance costs as well. Carefully weigh the costs and benefits of each feature or option you're considering *before* you order.

Check those you want on the chart on this page, as well as those you might take if the prices are right. Since there are literally hundreds of features and accessories to choose from, only the most popular and/or practical will be reviewed here.

Performance-Related

Engines are the power plants in cars. With many models you can choose the type you want. The base car price includes a standard engine, which is designed to give the best economy under most driving conditions.

A more powerful engine may be required if you're ordering several power-draining options... if you will be doing considerable highway and/or hill-country driving... if you plan to regularly transport heavy loads... if you will be doing heavy towing. The larger the engine, the greater the purchase price and maintenance costs, and the fewer miles per gallon. A high-performance engine may need a heavier suspension system and better brakes to be driven safely.

Automatic transmissions are standard equipment on intermediate and large cars because they facilitate driving in stop-and-go traffic. While available in compacts as an option, they cost more than manual transmissions and use more gas. They're recommended for subcompacts only if they're equipped with 6-cylinder engines.

Front-wheel drive improves the traction of your car and is especially advantageous when driving in ice and snow. The power that the engine produces is transferred to the front wheels which *pull* the car, as opposed to rear-wheel drive which *pushes* the car. The majority of cars are now equipped with front-wheel drive.

If you plan to tow a trailer or carry heavy cargo, investigate the merits of an **anti-sway bar; heavy-duty suspension, springs, shock absorbers** and **lower rear axle gear ratio;** an **oversized radiator, oil cooler** and **tires.** You may need to include an upgraded electrical system and wiring that permits lighting on the trailer. Be sure to follow the manufacturer's recommendation for towing.

Comfort/Convenience

Air conditioning is the most popular option but also one of the most expensive. Because of its weight it takes additional gas even when turned off, and when operating it can cut mileage up to four miles per gallon and increase service costs. Air conditioning nevertheless is a necessity in some areas and it does increase a car's resale value.

AUTO CHECKLIST

Performance-Related
- ____ Automatic transmission
- ____ Manual transmission
- ____ Front-wheel drive

Comfort/Convenience
- ____ Air conditioning
- ____ Power steering
- ____ Power windows
- ____ Power radio antenna
- ____ Power seats
- ____ Power door locks
- ____ Cruise control
- ____ Rear-window defogger
- ____ Tinted glass
- ____ Tilt wheel
- ____ Remote side view mirrors
- ____ Luggage rack

Style
- ____ Exterior trim strips
- ____ Vinyl roof
- ____ Sunroof
- ____ Custom wheel covers

Tires
- ____ Full-size spare
- ____ Steel-belted radials

Sound
- ____ AM radio
- ____ AM-FM radio
- ____ Stereo-tape player w/AM radio
- ____ Stereo-tape player w/AM-FM radio
- ____ Compact disc player
- ____ Rear speakers

Safety
- ____ Antilock braking system
- ____ Rear shoulder and lap belts
- ____ High-tech safety belts
- ____ Rear seat head rests
- ____ Windshields with plastic coating on inner surface

Others
- ____ _____
- ____ _____
- ____ _____
- ____ _____

Power steering is standard equipment in large cars because it facilitates steering, but it's considered unnecessary on subcompact cars. Most compact and mid-size cars should have it, particularly if they frequently carry heavy loads. Power steering helps you to hold a car on course if a front tire blows out or the road surface is irregular. It's also a big help in parking. Power steering has little or no effect on gas mileage, but it does require additional maintenance attention.

Power windows permit you to adjust all windows while you're driving, altering air flow and ventilation as desired. If you have small children, however, select a car in which an override for the individual window controls is available. Power windows cannot be opened at all when the engine is off.

A **power radio antenna** can also be raised and lowered from the driver's seat while you're driving. With the antenna completely telescoped within the car, you don't have to worry about vandals snapping it off.

Power seats are useful if you and the other drivers range from short to tall and the seat positions have to be readjusted continually. This makes a useful option on a long trip even if you're the only driver, because periodic changes in the seat position help reduce fatigue. Power seats are heavy, however, and expensive.

Power door locks permit you to lock all doors at once, from the driver's seat, with a mere touch of a button.

Cruise control is for the frequent long-distance driver who wants to both improve fuel economy and reduce fatigue on lengthy trips. It can help you keep to the posted speed limits, but is only marginally useful if you mostly drive locally. Be aware, however, that some drivers have a tendency to doze off when they're using cruise control, particularly when tired.

A **rear-window defogger** is a convenient low-cost option which defrosts and defogs the back window. It is available either as a duct through which heated air is directed against the window, or as electrically heated strips within the glass. The forced air is more effective as a defogger, while the heated strips do a better job of defrosting.

Tinted glass keeps interiors of parked cars a bit cooler but has little effect on the temperature when you're driving. It also impedes vision after dark, so if your night vision isn't up to par, best you pass on tinted windows.

Tilt wheel enables you to adjust the steering wheel up and down to a comfortable position and facilitates entering and exiting the car.

Style

Exterior trim strips serve as more than decoration; they protect the car from dents, banging and scraping. Racing stripes are of course strictly decorative.

Vinyl roofs are an expensive extra with high resale value but they add weight and the dark colors make cars hotter. They deteriorate faster than metal roofs if not properly cared for.

Sunroofs admit extra light and, when opened, increase air circulation. They give the driver and front-seat passengers some of the advantages of the top-down convertible, namely the abundance of fresh air and sunshine without the inevitable disarray! This is especially desirable when the car lacks air conditioning. Some sunroofs are opened manually, while others open with power assists. They're quite expensive and leaking is sometimes a problem, but they do increase a car's resale value.

Sound Systems

Car sound systems are offered in a variety of price ranges. You can buy a car stereo system that consists only of an AM/FM radio with cassette player and two speakers, or you can take an auto sound system that includes, in addition, a compact disc player, equalizer, one or more add-on amplifiers, and an array of speakers.

This equipment can be purchased from new-car dealers, consumer electronics stores and auto sound specialty stores. Most mid-priced and luxury cars include sound systems as standard equipment, but you can usually upgrade it.

If the system is factory-installed or purchased from the dealer it will save you time and its cost can be included in your monthly car payments. It may cost 20 to 50 percent more than one that is installed by a company specializing in car stereos, however.

Features to look for in the cassette-deck portion of the stereo system are *auto reverse*, so you don't have to turn the tape around to play the other side. *Auto eject* will prevent damage to the tape by ejecting it when the car or player is turned off. A *noise reduction* system will cut down on background hiss.

Safety

There are a number of features that can make your car much safer to drive. They are not available in all makes and models of cars, however.

Antilock braking system. This safety feature (referred to as ABS) shortens your stopping distance, even on wet and icy roads, ensuring better steering control. It also allows you to steer the vehicle around hazards because the wheels don't lock up.

Rear shoulder and lap belts. Shoulder and lap belts in rear seats offer more protection to passengers than the simple lap belts provided in the majority of cars. Few car buyers are aware, however, that manufacturers have been required to install the mounting points for rear shoulder belts for years.

Automatic tensioning belts. In the event of a frontal crash, a special device on one of these front seat belts takes up any slack and reduces an occupant's forward movement. They provide more protection than the conventional *inertia-reel* type of belt, which also remains loose while you drive but locks up when you suddenly brake.

Rear seat head rests. These help to protect passengers in the rear from whiplash injuries.

Windshields with plastic coating on the inner surface. If a windshield is smashed, this plastic coating holds the fragmented glass firmly in place and thus protects an occupant's face from facial cuts.

Air bags. Air bags automatically cushion vehicle occupants during an impact, reducing injuries to head, face and upper body. (For maximum effectiveness they must be used with a buckled safety belt.) Air bags are designed to ensure that the driver won't lose control of the vehicle, thus affording a measure of protection to all vehicle occupants. Once used, air bags generally must be repaired or replaced. They have monitoring systems to indicate operational readiness.

Spare tire. Many intermediate and large-size cars come equipped with standard-size spare tires, but some cars—particularly small ones— have mini-spares instead. (Drive no faster than 50 miles per hour with these on the car.) Generally mini-spares will take you far enough to get help but a standard-size spare could provide more protection if you have a flat miles from nowhere.

Financing the Car

If you pay cash for your car you avoid finance charges and are the legal owner of the car at the outset. But since few of us can afford to do so, most likely you will make a down payment—either in money, a trade-in, or combination of both—and finance the rest.

Shop for financing as carefully as you'd shop for any other big purchase—ideally *before* you look at cars. You not only will get a good idea of what you can afford in monthly installment payments, you'll be able to compare the rates with the dealer's rates when the time comes.

Remember that credit comes with certain responsibilities. Because your car is used as collateral to secure your auto loan, the lender holds title to it until the loan is paid in full. Failure to meet your regular payments can result in the car's repossession.*

Shopping for a Loan

In today's financial arena, auto loans are available from many different lenders. Or you can arrange financing through the dealer, who usually sells the contract to a financial institution to whom you make your payments. This could be an affiliate of the manufacturer, a bank, S&L, consumer finance company or other reputable source.

Since the costs of car loans vary from one lender to the next, it is wise to contact several. Then you can borrow from the source offering the lowest rates and most favorable terms. The chart on this page will help you make the cost comparisons.

Federal laws in the U.S. and provincial laws in Canada have made it easier for consumers to shop for credit. The U.S. **Consumer Credit Protection Act** requires that certain information about the loan be given in writing to the customer before the contract is signed. The two most important disclosure requirements are that the finance charge must be stated both in terms of the dollar amount and as an annual percentage rate (APR).

The finance charge expressed as a dollar amount tells you exactly how much you are paying for your loan. It includes interest charges, credit investigation fees, service charges and premiums for credit life insurance, when such insurance is required by the lender. Comparing dollar amounts is easy when you request information on a loan and use similar time payment periods—whether 36 months, 48 months or 60 months. If you're unsure of the length of loan you want, a comparison of annual percentage rates (the cost of credit expressed as a yearly percentage) becomes more meaningful.

Remember to read any contract carefully before signing it—to ensure that the information is correct, that all the

*For additional information on shopping for credit and how to handle it wisely, see MMI's booklet, MANAGING YOUR CREDIT, listed on page 32.

LOAN COMPARISONS

Source	Amount Financed	Down Payment	Loan Length	APR	Total Finance Charge	Monthly Installment Payment	Total Cost of Car
1.							
2.							
3.							

Insuring Your Investment

blanks are filled in and that you understand the terms of the loan and your responsibility for repayment.

Some Ways to Cut Costs

The length and amount of your loan, your credit history and current market conditions all affect the cost of financing. There are several things you can do to keep the costs down, however.

Consider taking the shortest possible term. Choose a 36-month contract rather than a 48-month or 60-month contract if you can meet the larger monthly payments. A longer-term loan is appealing because monthly payments are lower. You have to pay for the additional time, however, and there are other, more serious objections to long-term car loans. At some point you're likely to owe more money than the car is worth.

If the car was wrecked or stolen, for example, your insurance would cover only its depreciated value (minus any deductible). If this happened to be less than you still owed, you'd be liable for the difference.

Make a large down payment. Put down 1/4 to 1/3 of the car's purchase price if possible.

Don't borrow for the down payment. Postpone the purchase and save up for it, or you'll have two loans to pay off simultaneously. The loans offered by some used-car sellers under "no money down" arrangements have extra-high interest rates.

Pay off the loan as quickly as possible. If a sudden windfall comes your way, use it to pay off the loan. A refund of finance charges would be credited to your account.

Buy insurance from an agent. At least do some comparison shopping. The premiums for comprehensive and collision, disability and credit life insurance coverage usually are higher through the dealer or bank.

No matter how careful a driver you are, you need protection against possible financial losses due to accident, injury or theft. Certain kinds of auto insurance are in fact *required*—by financial responsibility laws, no-fault laws, and by lenders. The right insurance coverage in the right amounts can, in the event of an accident, cover the repair or replacement of your own and any other car and property involved... pay for the treatment of injuries incurred by you and others... compensate those who lose wages as a result... defend your interests in court and meet your legal expenses.

Insurance is, however, the second highest expense of car ownership. To get your money's worth, find out about the kinds of coverage and compare costs *before* you shop for a car.

The Basic Coverages

There are many variations of the standard car-insurance policy, which is a legal contract between policyholder and insurer. All variations provide coverage for the same kinds of losses, however. Some of the coverages come in standard packages, the most common one including six types: bodily injury liability, property damage liability, collision insurance and comprehensive physical damage insurance, medical payments insurance and uninsured motorists protection.

If you're to spend your insurance dollars wisely, it's essential that you know what these different coverages provide. The policy pays up to the limits stated for each in the contract.

- **Bodily injury liability,** required in most states, is the most costly of all car-insurance coverages. It pays medical expenses, disability income, and legal defense costs if you—or anyone operating your car with your consent—are legally liable for injuries befalling others in an auto accident.
- **Property damage liability insurance** pays for the repair of damages caused by your car to another's vehicle or other property and for any legal fees incurred as a result.

The liability limits typically are expressed as three figures, such as 100/300/50. This means that the policy will pay $100,000 for bodily injuries to any one person and a maximum of $300,000 for treatment of all injuries in a single accident. It would pay up to $50,000 for property damages.

In Canada, minimum liability limits are referred to as "inclusive limits" and expressed in one figure. When an accident claim reaches the limit and both bodily injury and property damage are involved, payments for the property damage cannot exceed a set percentage of that limit. In Canada, bodily injury liability and property damage liability are known collectively as **third-party (public) liability insurance.**

Bodily injury and property damage liability insurance are musts because of the *financial responsibility laws* which exist in all states and Canadian provinces. They require at-fault car owners to at least partially compensate the accident victims for injuries, death or property damage incurred. In Canada, owners cannot register their cars until they've provided proof of purchase of the minimum required amount of liability insurance.

In states with *compulsory* insurance laws, car owners must have a minimum amount of bodily injury and physical damage liability coverage before they can obtain license plates.

In other states they aren't required to have liability coverage until *after* they've had an accident involving bodily injury or substantial property damage. At that point they must either pay the damages or post some form of security—a bond or cash deposit, for example. If they cannot, their right to drive may be taken away until they satisfy any judgment rendered and provide proof of future financial responsibility.

Awards in personal injury lawsuits are now so high that anyone with a lot to lose should consider taking the maximum liability coverage available. The minimums required by most states under financial responsibility laws hardly begin to cover medical expenses today. *Don't cost-cut by reducing liability coverage!*

- **Collision insurance** compensates for damages or total loss of your car, no matter who caused the accident. Premiums are based on the year, make and model of your car.

If you finance your purchase, the lender—who is the legal owner until you've repaid the loan—will insist on your purchasing collision insurance in order to protect the investment.

Collision insurance carries a *deductible clause*, a deductible being the amount you agree to pay toward claims in return for a lower premium. It could range from $100 to $1,000, and the insurer pays for all damages over that amount. Experts recommend a deductible of at least $250. The higher it is the lower your premium. With a *zero deductible* you pay nothing for repairs but this sharply increases your insurance premium.

The amount you can collect is limited to the retail value of your car at the time of the accident.

- **Comprehensive automobile insurance** pays for a variety of losses, including theft, vandalism, fire and damage from the elements. Full comprehensive insurance is fairly inexpensive and a deductible clause reduces it even more.
- **Medical payments insurance** covers you and family members who live with you, if injured in your car or another's, or if struck by a car. It also covers other passengers in your car.

Medical payments insurance usually has per-person limits ranging from $1000 to $10,000. It pays on an *excess basis*, i.e., even when the covered persons receive payments from other policies. If you have sufficient health insurance through a group policy, it might make sense to insure your passengers only. Some policies permit this. Premiums cost comparatively little.

- **Accidental death benefits** or **double indemnity** may be purchased with medical payments insurance in the U.S. It provides a lump sum to your named beneficiaries if you're killed in an auto accident. This coverage isn't expensive but you won't need it if you have an adequate amount of life insurance. Double indemnity isn't offered in Canada, but **accident benefits coverage** is available and mandatory in many provinces. It includes medical expenses, total disability and death benefits and uninsured motorist protection.
- **Uninsured motorists insurance** pays for treatment of injuries caused by an uninsured at-fault driver to you and any passengers. It also picks up your medical expenses if you're a hit-and-run victim. Uninsured motorists coverage is essential because 15 to 20 percent of the vehicles registered for personal use in the U.S. are uninsured.

Its maximum benefits are greater than those of the standard medical coverage and it compensates for lost wages as well. The premium is low.

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Other Coverages

There are other types of coverage that aren't part of the basic packages.

No-fault insurance, also called **personal injury protection,** is compulsory in states that have no-fault insurance laws. It allows injured people to collect from their own insurer for medical bills and lost wages—regardless of fault. Under no-fault the insurer also pays the medical expenses for any passengers injured in a policyholder's car and if you or a relative living with you are injured in someone else's.

In all Canadian provinces but Quebec the **accident benefits** section of the car insurance policy is a form of no-fault insurance. In Quebec there's a partial no-fault system for car insurance, in which a government organization compensates victims for injuries.

An **umbrella liability policy** provides supplementary liability coverage—sometimes as much as $10 million—to your auto insurance policy. Its purpose? To protect you against the sometimes huge lawsuits stemming from auto accidents. The cost is surprisingly nominal.

Underinsured motorists coverage makes up the difference between the other driver's liability insurance and your losses. Before signing up for it, calculate how much medical and disability insurance you already have. Canadian residents should consider taking the *family protection endorsement* option, which can be purchased in a policy for a nominal cost. It allows you to make a claim against your own third party liability coverage insurance for any difference between the other driver's coverage and your own.

Towing and emergency road service pays for towing and mechanical assistance but not repairs. This low-priced coverage can be invaluable if you travel much and/or depend on a car for your livelihood. If you belong to an auto club, you may already have towing service.

Automobile insurance plans (AIP), formerly called *assigned risk plans,* were established to provide the minimum legal amount of insurance protection required by law for those who don't qualify for standard car insurance. Those accepted cannot choose the insurer and can expect to pay two to three times as much as they'd pay for a standard policy. If they establish a good driving record for the next two to three years, however, they probably can return to the voluntary market.

How Rates Are Set

The costs of identical coverage can vary as much as 100 percent between insurers. The *base* rates that companies charge depend primarily on the dollars they pay out in claims in various areas. The rate you pay will be custom-tailored to your unique situation.

- **How much you drive.** The premiums on a frequently driven car are higher than on those used less often. If you drive more than 15 miles round trip to work, you'll pay more than if you drove only six.
- **Where you drive.** The costs of car insurance vary widely from place to place, depending on the hazards involved. The rates in heavily populated urban areas, where there are more drivers, more accidents, more theft and vandalism, are higher than in small towns and rural areas.
- **Your age, sex and marital status.** In most states unmarried females 24 years old or less and unmarried males under 25 can expect to pay higher-than-average premiums because they're involved in the largest number of accidents of any group.
- **What you drive.** A car's design, year, make, model, theft rate, accident history and repair costs have considerable impact upon rates. Rates on expensive sports cars could run 20-50 percent higher than those on sedans, for example.
- **Your driving record and claims history.** Drivers who've had several accidents and/or serious traffic violations pay more than those with clean records.

Making Your Purchase

Your goal should be to find the right coverage at the best price without sacrificing good service. Insurance is sold through a number of sources:

- **New-car dealers,** who arrange with accredited agents to sell insurance to customers ready to buy a car.
- **Independent agents** who represent one or more companies, ***brokers*** who sell for several firms, and ***sales representatives*** who are employed by insurance companies.
- **Mail order car-insurance firms** which sell direct to customers via toll-free 800 numbers.
- **Group car-insurance plans** offered by insurance companies to organized groups of car owners—employees or members of a union, professional or fraternal association.

When you've decided on the car and know the coverage you want, talk to a representative of one of the largest insurance companies or an agent—and use its rates as a measure of those at smaller firms. (Look up the number under "Insurance" in the Yellow Pages.) Ask for its price for a standard policy, such as $100,000 for bodily injuries to one person, $300,000 for treatment of all injuries and $50,000 for property damages. Do the same at two or three other insurance companies. Also ask each representative for the discounts offered and see how many you qualify for.

Your New-Car Purchase

Keep in mind, however, that the cheapest insurance is no bargain if the company goes broke, takes forever to process claims, jumps your premiums or suddenly drops you for unclear reasons.*

To keep your insurance costs down, consider the following:

- Take the highest deductible you can afford.
- Periodically review your coverage with your agent, to be sure you're neither overinsured nor underinsured. Your liability requirements may increase, your collision and comprehensive coverage decrease, with the age and value of your car.
- Notify the company immediately if you sell one car or an insured driver leaves your household.
- Consider dropping your collision coverage if your car is more than five to six years old. Repairs from a minor accident may cost little more than the amount of your deductible, and if there's a major accident, most insurers will pay only up to the car's market value for repairs.
- Pay your insurance premium once a year instead of in installments.
- If you're satisfied with your company, stay with it and establish a good insurance record. You're much less likely to have your policy cancelled if you're involved in an accident.
- Maintain—or establish—a good safety record.

*For guidelines on choosing a reputable insurance company, refer to the MMI publication, YOUR INSURANCE DOLLAR, listed on page 32.

Few purchases bring as much excitement and delight as a new car. Learn here how to handle the purchase like a pro! The section begins on the showroom floor and takes you from the road test and dealer negotiations to the final delivery and sale of your old car.

Putting It to the Test

The best way to compare the appearance, performance, comfort and convenience of the models that most interest you is to put them to a floor test and test drive.

In the Showroom

Begin by sitting in a few cars. Adjust the driver's seat to a comfortable position. Is it difficult to get in and out? Do you have enough leg room? Head room? Is the seat comfortable? Can it be moved far enough forward or backward? Does the seat belt/shoulder harness fit well? Is it easily fastened and unfastened? Can you readily reach the pedals? Try the back seat for head room and leg room, especially when the front seats are moved further back.

Check the controls to see how easy or difficult they are to reach and operate. Can you readily see the instrument panel? Is it at all difficult for you to see over the steering wheel or the hood? Check the rear and side mirrors. How well can you see behind you and to the sides?

Is the trunk space adequate? Can you get to the spare tire without unloading half the trunk?

On the Road

A test drive is the only way to check visibility, maneuverability, riding comfort, and the way the car runs. You should not have to pay a deposit to take it out. *Don't drive any car unless the dealer has it insured, however.*

Try to expose the car to as many road and traffic conditions as possible. Operate all the features (radio, power windows, power door locks, etc.), especially those you haven't encountered before. Find out how the windshield wipers work. Is the ventilation adequate? Try the heater, and determine if the air conditioning is adequate. How much pep does the car have when it's operating? What is the noise level of the engine and the various operations? Does the car idle smoothly? Does the steering respond promptly?

Sizing Up the Service Center

If the dealership from which you're buying the car is conveniently located, check out certain features of the service center. Find out if the mechanics were trained by the manufacturer. Automotive Service Excellence (ASE) and AAA certification also attest to the expertise of the mechanics.

In what ways is the manager making it easier for customers to meet their service needs? Are the hours convenient? Does the service center have early-bird drop-off service, for instance? Or is it open on Saturdays and/or at least one evening a week? Does it provide a courtesy car while yours is being serviced?

Buying from a Dealer

For readers who prefer to negotiate their new-car purchase in the traditional way, a review of the basics follows.

Time Your Purchase Carefully

The right timing can help you get a better deal. In late summer and early fall dealers have clearance sales on the current year's models, in order to make room for the new ones. An "old" model can be an excellent buy, providing you plan to drive it several years. Trade it in early, however, and you could lose more in depreciation than you'd gain in savings.

December and other winter months are good times to buy because sales slow down. Dealers are eager for trade-ins for the used-car market which opens up in the spring. The best time to buy in *any* month is within the final five days, when there's an extra push to meet monthly sales quotas. The best time of *day* to negotiate? When there's least traffic in the showroom—either midmorning or midafternoon, Tuesday through Thursday.

Find Out the Dealer's Cost

Since the turf you'll be haggling over lies between the sticker price—i.e., the manufacturer's suggested retail price—and what the dealer paid for the car, make it your business to find out the dealer's cost. This is the figure most crucial to the negotiating process. You can obtain it from several sources, including:

- The price books on new and used cars, including *Edmund's New Car Prices*. They're available at libraries, newsstands and bookstores.
- The computerized car-cost estimating firms. They provide, for a small fee, computer printouts showing the dealer's precise cost of any car and options you choose.

Or you can figure the cost yourself, by deducting the dealer's approximate markup from the "sticker price." (Deduct freight and dealer preparation charges first.) The sticker price of a subcompact generally includes a 10 percent markup; a compact approximately 13 percent; an intermediate about 17 percent; and a full-size car about 20 percent. On highly popular models and luxury imports, the full sticker price and more may be charged. Markups on options range from 15 to 25 percent. Dealer costs for options can also be found in current car guides.

Negotiating Guidelines

Talk to at least three dealers. Tell each salesperson the model and options you're interested in and ask for a firm price. The first quote will probably be tentative, just to start off a round of offers and counteroffers.

The salesperson may try to interest you in a model in stock. If there's one on hand that meets your specifications, fine. You'd undoubtedly save some money and you could obtain it within a few days. The model may be equipped with some costly options you don't want, but sometimes the salesperson can locate one equipped the way you want it at another dealership in the area.

Dealers also sell their demonstrators—cars that have been driven by employees—at good prices. They're usually well-equipped and have been well cared for; many are offered with full warranty even if they've been driven a few thousand miles. Should you decide to buy a demo, make sure you get an extension of the dealer's warranty.

Whether you buy one of these or decide to special-order the car, have the salesperson itemize the total costs on a worksheet, including taxes, title, plate transfer, etc. Make certain the worksheet contains the date until which the prices will be good and that it's signed by a person in authority.

Negotiate the price of your trade-in only after you've reached an agreement on the price of the new car. Get some figures beforehand in a used-car price guide so you can evaluate the dealer's offer on the spot. Also investigate and carefully weigh the advantages and disadvantages of selling it yourself (page 20).

Buying Through a Middleman

If you'd like to avoid the legwork and bargaining process, try a **car-buying service.** These middlemen (also referred to as **auto brokers**), provide a "one-stop" shopping service for all makes and models of cars. They arrange with participating dealers to sell cars for a guaranteed low markup over cost. Customers get the same warranties, service and factory rebates they'd get if they bought from a dealer direct.

Some services simply provide the names of member dealers to customers, who in turn negotiate with the dealer on the prices of any dealer-installed options, set up the financing and sell their own cars themselves.

Other services provide a computerized price printout on the car you want, for a small fee, along with a referral to member dealers. The printout shows the actual dealer cost of the basic car and options, plus the recommended selling price. You can take the printout to the member dealer who's agreed to sell the car at a low fixed markup. Or you could use it as a negotiating tool at other dealerships.

Another alternative is to buy directly from the broker. Fill out the purchase agreement at the bottom of the printout and pay a deposit of a few hundred dollars plus a small processing fee. The service pays the deposit to the factory-authorized dealer closest to you, and orders the car, which ultimately is shipped to the dealer. After pre-delivery servicing you make the final payment to the dealer and the car is turned over to you.

Full-service brokers, which charge the highest fees, handle every part of the buying process, including selling your car and arranging the financing. You go to the dealer only to sign the papers.

There can be disadvantages to using a broker or service. Many of them don't handle imported cars and cannot get delivery on the most popular domestic models. In addition, many dealers won't take trade-ins if you use a broker.

To find an auto broker, ask your banker or credit union for a referral or look in the Yellow Pages under "Automobile Buyers' Service." Make sure the firm you deal with is reputable. Most are state-licensed but check it out with the Better Business Bureau and the consumer fraud or consumer protection division of the district attorney's office or the attorney general's office in the city or state where the broker is based. In some states, brokers are limited or prohibited.

The Purchase Agreement

The **purchase agreement** or **sales contract** is a legal contract with the dealer for the purchase of an automobile. It binds both of you to its terms. Purchase agreements include spaces for the total cash price of the car, the specific equipment you've ordered, the amount of the deposit or trade-in, sales tax, the delivery date and the predelivery service charge if any. They're usually standard within each state and province.

Remember that the dealership is bound legally only by what is documented in writing. *Verbal agreements are not valid.* Before you sign the contract agreement:

- Be sure the bottom line is within your budget! It's easy to lose sight of spending limits in the midst of bargaining.
- Read the document carefully. Does it coincide with the deal you made?
- Ask questions if there's anything you don't understand.
- Note any factory rebates on the order.
- Make sure all the blanks are filled in.
- Check the arithmetic!

Warranties and Service Contracts

A warranty is a written assurance from the manufacturer that your new car will perform as it should and it's also an agreement between the two of you. You promise to take good care of the car, the manufacturer promises to fix any problems caused by defects in parts and workmanship. Any guarantee that is not a full warranty is called a "limited" warranty and must be fully marked as such. Most car manufacturers provide limited warranties.

The standard warranty protects the entire car for 12 months or 12,000 miles, with certain parts warranted for 24 months or 24,000 miles, whichever comes first. Some manufacturers offer warranties that cover the power train (the engine and transmission) and sometimes the cooling system, brakes and rear drive axle as well, for up to six years or 60,000 miles. One manufacturer extends this coverage to seven years or 70,000 miles.

Ask to see the warranty so you can get any misunderstandings cleared up at the outset. Although any authorized dealer in the U.S. and Canada will honor a warranty, *it's up to each service manager to decide if a problem is covered.*

After the Contract Is Signed

After signing the agreement you most likely will talk to the business manager, who will handle the final documentation of the sale. He or she will probably offer to make the financing and insurance arrangements.

You'll also be asked if you want to purchase a **service contract** that covers the car against major repair bills for a specific period of time *after the warranty expires.* These contracts pay for maintenance and repairs either not covered by the warranty or that are needed after it runs out. Some of them overlap the warranty. Service contracts are not "extended warranties."

Always review them carefully. Some have deductibles; most provide a certain amount for a rental car. They vary considerably in respect to the kinds of parts, amount of repairs and the time span they cover. If you're likely to exceed the mileage limit or trade the car long before the time limit, you probably should not consider one.

You don't have to buy a service contract from the dealer. They're also offered by manufacturers and independent community businesses and prices vary. Should you select a local business firm, find out if it's backed by an insurance company that will guarantee all claims. Also check out the company's reputation with the Better Business Bureau or a consumer protection office. You can wait up to six months after buying a new car to sign up for one.

Taking Delivery

Dealer preparation or **predelivery service** is required before you can take delivery on your new car. This generally includes cleaning, checking fluid levels, checking functional systems, adjusting ill-fitting doors and hoods, and installing wheel covers. Usually the cost is included in the price of the car. A check of the window sticker will tell you.

Give the dealer time to do the job. When you're sure the preparation is complete, have this noted on the bill-of-sale. If there's no charge, have the dealer write "Dealer Preparation Completed—No Charge." Be sure your car insurance is in effect before you drive off the lot.

Inspecting Your New Car

Before you drive away take a good look at your car.

- If special-ordered, is it exactly as you wanted it?
- Compare it with the features listed on the signed purchase agreement. If there are differences, have any corrections written in and get an authorized dealer employee to initial and date it. Keep both the sticker and the bill-of-sale so you have an exact record of what you paid for. Legally, only you can remove the manufacturer's affixed price sticker.
- Check the body carefully for damage and the overall appearance—look for stains and flaws in the paint and have them corrected.
- Make sure that all the tools necessary to change a tire are provided and, if the car has locking wheel covers or lug nuts, that all appropriate keys are included.
- Take a test drive. Does everything seem to be in satisfactory working order? Squeaky brakes, rattles, anything—the road test should bring them to your attention. If not, have any problems taken care of before signing the bill-of-sale or other acceptance documents.
- Be sure you receive the **odometer disclosure statement** before you take possession, and compare it with the mileage on the car's odometer.
- If you find anything unsatisfactory about the car, have it noted in writing by the dealer, so you can have the problem corrected later without difficulty.

Are you generally satisfied on all these basic points? Then you are ready to sign the document that makes the sale final. Be sure you have the owner's manual, warranty forms and all the legal documents.

Read the Owner's Manual

The Owner's Manual can help you get more use and pleasure from your new car. *Read it carefully*—particularly the sections on the warranty. It contains the precise maintenance schedule you should follow, for instance. Neglect to do so and the warranty could be voided.

If you note any defects or operating difficulties, present them in list form to the mechanic or service manager when you return the car for service. Generally you bring in the car after 90 days for this purpose.

Official Documents

You must register the car with the state or province's department of motor vehicles in order to be identified as the owner. The dealer can help you fill out the necessary forms and provide you with a temporary registration certificate and temporary license plates if needed. (If you have a car to sell or trade, use the plates that were on it.)

Although the motor vehicle regulations of states and provinces vary somewhat, all require a **certificate of title** which verifies ownership. Keep it somewhere other than the car; if it's stolen you couldn't prove it belonged to you. If you finance the car, the creditor will, in most instances, hold the title until you've paid in full.

The **certificate of registration** proves the car has been registered with the state or provincial department of motor vehicles. In Canada it is called an **ownership permit** and must be renewed annually along with the license.

The window sticker, purchase agreement, bill-of-sale, itemized receipts of repairs, installment contract and insurance records should also be kept safely together somewhere other than the car. The warranties, certificate of registration and owner's manual should remain in the glove compartment.

Preparing Your Car to Sell or Trade

Cars that appear to have been well maintained generally command top dollar, particularly when the mileage is low. Air conditioning, a larger engine and power steering, for instance, also increase a car's value.

There's no need to go overboard in preparing your car to sell or trade. Repair the most important items only, like the brakes and steering. Minor mechanical work that will make it a first-time starter is a good investment also. Here's how to spiff up your car.

- Clean and vacuum the car thoroughly, including the trunk; empty ashtrays, shampoo the carpeting and upholstery; wash and wax the exterior.
- Clean the oil and air filters and add clean engine oil.
- Check tires and adjust all tire pressures.
- Tune the engine, if necessary, so that it will start immediately and run smoothly.
- The amount you spend on fixing it up is determined by the value of the car. Don't spend more than 10 percent of the retail value of a late-model car. And don't spend money doing what a dealer can do cheaper.
- Be sure it runs *safely*.

The sales tax is an important factor, whether you sell or trade. With a trade-in, you're taxed on the price of the new car less the trade in most states. Without a trade, the sales tax obviously will be higher. This might well offset any extra money you garnered in selling the car yourself.

Determining Its Resale Value

Dealers don't offer as much as private buyers do because they buy at wholesale and sell at retail. To obtain the average wholesale and retail prices for cars like yours, check the NADA monthly *Official Used Car Guide* or the *Kelley Blue Book,* available for perusal at libraries, some financial institutions, a dealership or car insurance agent. It contains high and low mileage tables and option prices too. Also check the classified ads and make direct comparisons on several used-car lots.

Remember that the figures are for cars in top condition. The value of yours could vary as much as 10 percent above or below the average price, depending on its equipment, condition and mileage. If your car isn't in peak condition, you'll probably have to adjust the asking price downward.

Price it realistically but build in some negotiating room. If the car needs work or has high mileage for its age, allow for that. It's worth less than the same car that's been driven fewer miles.

Selling Your Car

Selling your car takes more effort than trading it in, because you have to be on hand for calls and appointments. The probability of making some extra dollars should make it worth your while, however. To find a buyer, advertise in the classifieds and, if possible, insert a notice in your company, church or organization bulletins. Tack announcements on bulletin boards in your office, area supermarkets, etc. Describe the car fully. List the extras. If you're the original owner, say so. List the asking price of course, but don't add "or best offer."

Always write down the caller's name, address and both home and business numbers. Call back to make an appointment. Ask to see a driver's license and take down the number before you let the customer drive. You go along.

Insist on payment by cash or certified check. *Do not accept a personal check.* Sign the registration or certificate of ownership to show you have released your rights to the car. If you financed the car and have not paid off the loan, you have to notify the lender, the legal owner.

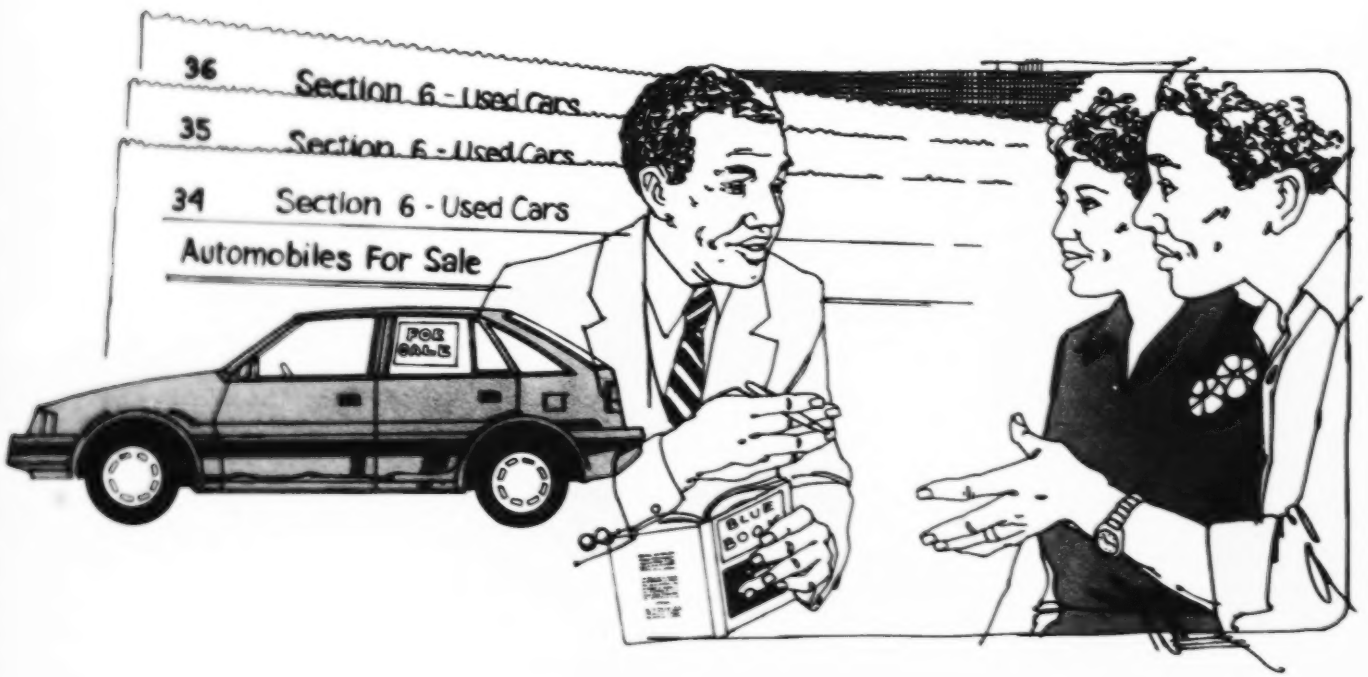
Be sure to take your license plates off the car. Not only will you need them for your next one, you want to avoid being identified as the owner if the buyer gets any parking or traffic tickets.

Legal Matters

U.S. federal and state laws prohibit you from turning back, adjusting or tampering with the odometer, and from lying about your car's mileage. You must inform the buyer *in writing* of any problems with the odometer, and the car's actual mileage at the time of sale. If you don't know the mileage, state this.

The statement should include your name, address, vehicle identification and the data required when you replace or repair the odometer. If it can be proven that you knowingly sold a car with a rolled-back odometer, the buyer is entitled to triple damages or $1500, whichever is greater.

The **Truth in Mileage Act** of 1986 was designed to further reduce odometer fraud. It requires that all motor-vehicle titles issued after April 29, 1989, be printed in a way that makes counterfeiting and alterations more difficult. The titles will include space for owners to disclose the mileage when cars are resold.



Buying a Used Car

A good used car could be the perfect answer to your transportation needs since its ownership and operating costs are considerably less than those of a new one. Although used cars will probably need more frequent maintenance and repairs, most provide good service if they have been properly cared for.

U.S. residents can determine if a particular model of used car has an uncorrected defect affecting its safety by either writing the manufacturer or calling the National Highway Traffic Safety Administration's toll-free *Auto Safety Hotline* (800) 424-9393. Residents of the District of Columbia should call 426-0123. You can also report auto safety problems by calling these numbers.

Canadians can check for safety recalls by contacting the Motor Vehicle and Traffic Safety Branch of Transport Canada. In some provinces it's necessary to have a valid safety certificate before a car's ownership can be transferred. To find out the legislation in your province, write to your provincial department of consumer affairs for consumer handbooks and fact sheets.

Making the Right Choice

A used car is a major purchase which requires comparison shopping. The most important things for you to find out are whether a car is safe and dependable or in need of costly repairs. Don't rely on what the seller says. A dealer isn't apt to know a car's history and private sellers aren't likely to reveal car problems. You must find the answers yourself.

Start with back issues of car and general consumer magazines in your library to find out how certain models ranked on economy, engine performance, safety features and handling when new. Look in *current* consumer magazines for statistics on owner satisfaction and frequency of repairs. In Canada, the Canadian Automobile Association's *Autopinion* and the Canadian Consumers' Association's *Auto-Source* are good references.

Expect to pay somewhere between the wholesale and retail book value for a car. To find cars in your price range, look at a price guide. The NADA *Official Used Car Guide* or "blue book" is the best known in the U.S. In Canada consult the *Canadian Red Book* or the *Canadian Black Book*. Most car dealers, banks and libraries have copies of these or other guides. Also check the classified and dealer ads to determine the average retail prices of the models that interest you. Visit some lots for on-the-spot checks.

Your best bet is a car with low mileage, three years old or less—particularly if you plan to drive it at least three years. Look for a car with the fewest reports of trouble. It might be wise to avoid sporty, high-performance models which may have been driven hard and will be more costly to insure than traditional models.

Where to Buy

The price of a used car depends not only on its age and condition, but upon who is selling it. There are five principal sources of used cars: new-car dealers, independent (or used-car) dealers, private sellers, car rental and leasing agencies, and commercial auctions. Although government and liquidation auctions and car flea markets are sources also, their cars frequently are in poor condition.

Your chances of finding a real gem are best at places that you (and other used-car buyers) ordinarily wouldn't think to go. Check a domestic dealer, for instance, if you're looking for a used import. Seek a Ford, say, at a Chevrolet dealership. Try a luxury-car dealer for mid-priced or economy cars. Seek vehicles that have had better-than-average maintenance in the affluent suburbs—their owners could afford to provide it. And, wherever you look, keep in mind that November through February is the best time to buy. The supply of used cars is highest then.

New-Car and Used-Car Dealers

The best place to start looking for a used car probably is at a franchised **new-car dealership,** although they may charge higher prices than other sources. Their cars are generally of better quality. Most are late models of the make they're franchised to sell; some have been traded in by customers who buy a new model every two years or so.

Independent (used-car) dealers carry a range of makes and models of varying age and condition. They're mostly obtained from new-car dealers and at auto auctions, although some are trade-ins. Independents charge lower prices because of their low overhead—fewer employees, no service facilities and minimal guarantees. Many of the cars they sell come with some kind of warranty, however.

Get some background on the independent dealership where you may buy. It should be well-established. Find out how long it's been in business and, as always, check out its reputation with the Better Business Bureau or a local consumer affairs office.

You have a better chance of getting a safe, well-functioning car from a dealer than from private sellers, because of used-car legislation that applies to dealers alone.

In the U.S. the Federal Trade Commission's **Used Car Rule** requires them to post a window sticker called the *Buyer's Guide* in a side window of each used car on sale. It must either describe the kind of warranty that comes with the car, state that it has implied warranties only, or that it comes with no warranty at all. These disclosures inform the consumer, who is responsible for repairs after the sale. Find out what the warranty covers and your responsibilities regarding it. These usually range from 30 to 60 days, with the best ones protecting against breakdown of the engine and driveline for 12 months or the next 12,000 miles.

The *Buyer's Guide* reminds consumers to get all promises in writing and to ask if they can have the vehicle checked by a mechanic before making the purchase. In addition, it states some of the major problems that may develop in used cars. Dealers must also make other specific disclosures in the Guide but they are not required to disclose known defects.

All states have regulations on the condition of used cars sold by dealers so they are safe when sold. The regulations cover brakes, lights, horn, steering, windshield wipers and glass.

The most comprehensive Canadian legislation for used-car sales is in Quebec's **Consumer Protection Act.** It gives the shopper all the information needed to make a knowledgeable choice, including a description of the type of warranty offered. Special warranty legislation exists in some provinces, in which car dealers are required to give the buyer several basic warranties with the car. Used-car dealers in several Canadian provinces are required by law to tell buyers, upon request, everything they know about the vehicles they sell.

Private Sellers

Buying a used car from a private seller usually saves you money. The seller has generally purchased another car and wants the money out of the old one, so the car is priced to sell. Also, since private sellers don't have any overhead expenses, they can afford to lower the price. But be aware that these cars are sold "as is." You will probably have to pay cash and take care of the legal paperwork yourself. And of course there is always the possibility that the car was stolen, in an accident or about to be repossessed.

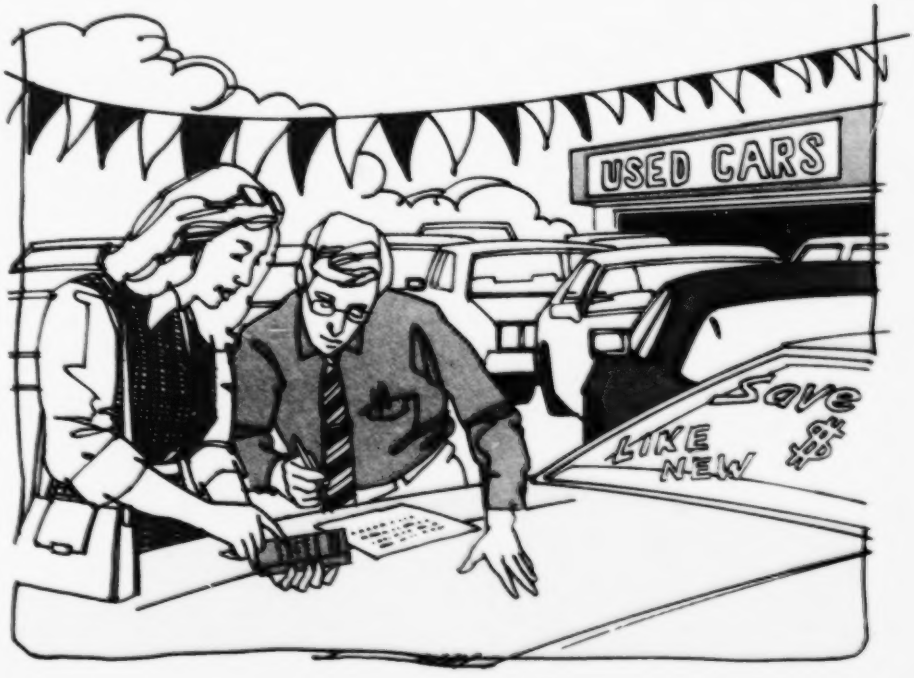
Certainly most of the time you are dealing with the legitimate seller. It might even be someone you know. Then you'll have an idea of the car's history and general condition—as well as the seller's character! Dealing with acquaintances can be a delicate matter, however. Are you up to some fancy dealing with a friend or relative? How would you feel if the car required major repairs soon after the sale? On the plus side, a friend would not knowingly sell a lemon to you.

In any case, get as much information as you can over the phone. It might not be what you're looking for and you'll save yourself a trip. Is the seller the original owner of the car? Why is it being sold? Is he or she willing to provide you with service records, service station or dealer references and the records of the original purchase? Is the price negotiable? Will you be permitted to inspect the car and take it for a test drive?

Car Rental and Leasing Firms

Car rental agencies sell their best used cars—always late models—directly to the public. They're well-equipped, have been well-maintained, and have maintenance records you can request to see. The rest are sold to independent dealers and through auto auctions and auto flea markets.

Some rental car companies permit you to rent a car for a few days for a test drive, with the rental fee applied to the purchase if you buy. Most rental car companies stand behind the used cars they sell.



If you can't find the car you want, most sales representatives will check other sales offices and, if one is found, have it delivered. Keep in mind that you cannot trade your car in for a used rental car, however, and you may have to arrange your own financing.

Checking the Car Out

The most important part of buying a used car is determining its condition. Don't expect perfection, but try to avoid cars that have had excessive wear and tear or have been carelessly handled or involved in a major accident. The seller is unlikely to point out the car's deficiencies, but the following list of things to examine and test can help you evaluate the basic structure and mechanical system.

On the Lot

Before test-driving the automobile, look for clues to its history and approximate worth. Shop during the day if possible and take a knowledgeable friend with you.

- **General appearance.** Is the car level? A lean to one side may mean a broken spring. Are wheels in line with the body? If not, a wreck may have twisted the frame. Steer clear of the car if it shows any apparent body damage.
- **Upholstery, safety belts and carpeting.** If these are badly worn, if there are holes and rust under every mat and cover, and the brake and gas pedals show wear and tear, this indicates heavy usage.
- **Paint and chrome.** If the car is newly painted and is three years old or less, suspect an accident, simply because most automobile finishes today last longer than that. New chrome also warrants closer inspection, because few owners replace it unless there is damage. Do you see any rust?
- **Ripples and dents in the car body.** These indicate repaired sheet metal damage.
- **Loose-fitting doors, hood and trunk lid.** When these don't close easily and tightly, it indicates that the car may have been knocked out of shape.
- **Tires.** These provide a good clue to mileage. A car driven 24,000 miles or so often has the original tires with the same tread design. Uneven tread wear indicates an alignment problem. Check the spare. Are the jack and tire-changing equipment there?
- **Engine.** Open the hood. Pull out the dipstick. A very heavy oil suggests that the seller might be trying to deaden engine noises or prevent oil burning during a test run. Does it start readily? Do all the gauges and warning lights go on and off as intended?
- **Regularity of service.** Compare the mileage on the odometer with the lubrication stickers (on the door jamb or under the hood). They may indicate how often the owner had the car serviced.

On the Road

Always take the car for a road test, but be sure it's insured before taking the wheel. Most sellers will want to accompany you; others may ask for a deposit. Be sure that the deposit will be returned in full when you return the car. If you are asked to sign a paper before the test drive that acknowledges your temporary responsibility for the car, make sure it is not an agreement to buy.

Test all the lights and have a friend check all the lights from outside. Is the dashboard fully lighted? Let the engine idle. Is it excessively noisy? Are there any vibrations? Push the brake down steadily. If it sinks slowly or goes almost to the floor, there's a problem. Check the steering. Is it smooth or jerky and uncertain? It should have no more than two inches of play before the wheels turn. Drive at different speeds, since some defects are apparent at some speeds and not at others.

At some point, write down the car's serial number (usually found on a hinge pillar of the left front door). Later, ask to look at the title or registration certificate and compare the serial number with the car's Vehicle Identification Number (VIN).

In the Shop

If everything has checked out satisfactorily so far, ask the seller if you can have the car for a couple of hours to get a shop test by independent experts—a trusted mechanic or diagnostic center. Ask the mechanic for a list of needed repairs and replacement parts and their estimated cost. Although the nominal cost of the checkup could save you money and heartache later, you probably won't want to have more than two cars checked professionally.

If the car passes, you're ready to buy. If not, keep looking or attempt to get the price low enough to cover the needed repairs. A dealer should at least make the repairs needed to pass the state safety inspection.

The Final Paperwork

The car meets with your approval, your offer has been accepted and now all that's left is the paperwork. *If you purchase it through a dealer* you'll be given a **contract of sale**—the document by which the dealer transfers the title of the vehicle to you. It must contain certain information from the *Buyer's Guide* in addition to that required by state and local laws.

The contract of sale should state exactly what is guaranteed—in detail—and for how long. The full price, a description of the vehicle, a trade-in allowance, if any, and any changes you may have negotiated in warranty coverage should also be included. Also the repayment terms, insurance premium, license fee and other incidental charges, the date you take possession and, if the purchase is financed through the dealer, the carrying charges. Make sure that all promises are written down and signed by the authorized dealer representative before you buy. And all blanks filled in!

If your state has a mandatory car-resale inspection program, either have it inspected before the purchase or specify in the bill of sale that the purchase is conditional upon the car's passing the inspection.

Make certain that the things you want done are included before you hand over your money. Make a final check of the brake lights, turn signals, emergency brake, windshield wipers and horn before you sign, because you will now be legally responsible for the operation of all these safety items.

Paying cash? On the check write that it covers the full purchase price. If you're planning to finance the car somewhere other than the dealership, have arrangements made before delivery of the car.

Be sure that you receive either the *Buyer's Guide* or an exact copy of it and a signed disclosure statement showing the number of miles on the car when it was sold. Keep the Guide in a safe place. It's your proof of any written promises.

Used-car dealers register their customers' cars with the state or provincial department of motor vehicles, submitting payment for license plates and sales tax, the bill of sale and copy of the insurance form.

When buying from a private seller, you'll need to determine if the title is free and clear. If the car isn't fully paid for, the seller must get permission from the legal owner to sell. When this isn't done, the buyer is legally responsible for paying off the loan. In the U.S. ask your state department of motor vehicles to check for outstanding loans. The lien registry in each Canadian province keeps records of legal claims on every car in the province.

Be sure the records show that the name of the "owner" you've been dealing with is the same as that of the *legal* owner (the lender) or the *registered* owner. Also make sure that you receive a mileage disclosure statement, signed by the seller, before the title is transferred.

Insist on a **bill of sale,** obtainable from an office supplies store. It should include the car's make/model/year, the factory and motor numbers and the price paid, the amount of the deposit, balance due, the correct names and addresses of both you and the seller, and all the conditions of the sale. The contract should be witnessed and signed by a third person.

The title and registration are legal ownership papers. You must receive one or both when you buy a car; if selling, you must furnish them to the buyer. Responsibility regarding the transfer of ownership varies from one state to the next. Contact your state or provincial department of motor vehicles to find out the law on this.

You'll have to register the car with the department after the ownership is transferred to you. Take along the title, insurance documentation and your check for the sales tax and license plates.

Before the department issues a new title in your name, staff members check the car's serial number and motor number against those of stolen cars. Sometimes the official transfer also involves an inspection.

Maintenance and Repairs

You've made a big investment in your car, so it makes sense to keep it running smoothly and safely as long as you want to own it. Operate and maintain it well and it will look better, handle better, and have a higher resale value.

Maintenance

There are two kinds of maintenance—preventive and corrective.

Preventive maintenance—such as checking the oil level, changing the fuel filter, lubricating the chassis, checking the fluid level of the brakes and automatic transmission, etc.—forestalls the development of mechanical problems. Every owner's manual contains the preventive maintenance schedule you should follow—particularly when the car is under warranty. If you take care of problems before they become acute, you'll not only save money but considerable inconvenience.

Corrective maintenance involves:

- **Tune-ups.** This periodic fine adjustment of the engine maintains and/or restores it to maximum operating efficiency and helps to conserve fuel and prevent pollution. Refer to the owner's manual for the tune-up schedule. When replacing parts, new ones may not be necessary. Used or factory-rebuilt parts cost much less and usually provide satisfactory service.
- **Brake maintenance.** Adjust the brakes every 5,000 miles, check the lining wear every 10,000, and reline when advised to do so by a trusted mechanic.
- **Wheel alignment.** Check this every few thousand miles and balance the tires every six months.
- **Power steering.** The steering lines and hoses should be checked for deterioration at every oil change, along with the fluid level of the power-steering pump.

Again, during the warranty period have the car serviced exactly as suggested in the owner's manual. This can be done at an independent garage without violating the agreement. Keep an envelope in the glove compartment for itemized receipts of all work done, however. You'll have to produce these to prove you held up your side of the bargain if something goes wrong under warranty.

The amount of corrective maintenance required will depend on your mileage, driving habits and the quality of the preventive maintenance you provide.

Have you considered doing some of the maintenance work yourself? You'll save much on labor costs. The owner's manual provides instructions for many of the tasks and there are more detailed instructions in the car's service manual, available from the dealer or manufacturer. Any special tools required can be ordered from the manufacturer also.

There are certain things you should be able to handle in an emergency: changing a tire, installing a fan belt, and other minor repairs. Carry a screwdriver, pliers, flashlight, jack, tire gauge, extra fan belt, roadside flares and a first-aid kit in the car at all times.

If you need a course in automotive repair, call a nearby high school or community college for information on adult education classes.

Servicing and Repairing Your Car

Most disappointments in car repair can be avoided by selecting an honest, competent mechanic. **Certified mechanics** have voluntarily taken and passed tests set up by the National Institute for Automotive Service Excellence (ASE) on eight areas of repair. Those who pass them all rank as master craftsmen, and their orange, blue and white shoulder patches identify them as General Mechanics. Those who take tests in selected areas only wear shoulder patches that indicate their particular expertise. To find a service agency that employs certified mechanics, look for the NIASE sign.

A number of experienced, competent, conscientious mechanics have never taken certification tests but they are harder to find. Ask friends for recommendations. To check out a shop's reputation, call the Better Business Bureau and/or a consumer agency. While they won't have information on every shop, at least you'll know which ones to avoid.

- **Dealer service departments.** These specialize in repairs of the make of car the dealer handles, and the mechanics are specially trained by the manufacturer. They are the highest paid in the industry.
- **Independent garages.** These usually charge less than a dealer because of lower overhead. Your best bet here is the recommendation of a friend.
- **Specialty shops.** These service one part of a car only—radiators, tires, mufflers, automatic transmissions, ignitions or brakes. They're usually skilled within their area of expertise.
- **Service departments of chain department and discount stores.** Their mechanics are best at fast, relatively simple repairs and replacements, but lack the training and experience to diagnose complex mechanical problems.
- **Service stations.** The advantages to these are close-in locations, conveniently long hours, lower prices and personalized service. They usually can handle routine maintenance and minor repair jobs satisfactorily.
- **Automotive diagnostic centers.** Their highly sophisticated equipment is used to accurately evaluate the various mechanical parts of a car, diagnose existing problems and predict future ones. Diagnostic centers seldom repair cars.

To calculate the total cost of a job, many shops multiply the estimated time it will take by the hourly labor rate, then tack on the cost of parts. Other repair shops charge a *clock-hour rate* based on actual labor time.

Your Role in Obtaining Good Repairs

The following recommendations can help you avoid some common pitfalls:

- Shop comparatively for major repairs such as bodywork and transmission repairs. Set up appointments with a few recommended shops and obtain estimates on the work to be done. Is the work guaranteed? For how long?
- Present a list of required repairs and/or problems that need investigating to the mechanic or service manager at the one you select. He or she will fill out a work order containing this list. Get a written itemized estimate before you sign because afterwards you'll be committed to pay the price stated on it. Make sure it states the nature and extent of the work and the projected completion date.

  If the exact nature of the problem and repair costs are unknown, insist that the shop contact you for approval before proceeding on any repairs that exceed the estimate by 10 percent.
- Obtain an itemized bill for all parts, labor, and other charges and save the receipts, particularly if the car is under warranty. If the price of a part seems high, ask to see a price list. Also ask the mechanic to save the old parts for you. If used or rebuilt parts are used, the bill should state this.
- If the garage gives warranties on labor and parts, insist on either a separate signed guarantee or one written on the bill, specifying its terms.
- Discuss any reservations you have about the bill with the manager or owner, but don't refuse to pay it. A mechanic's lien could be levied against your car, permitting the garage to sell it for the unpaid amount.

Note: If you pay by credit card and are dissatisfied with the repair job, you have the right, under federal law, to withhold payment for it until the problem is corrected. You must notify the creditor in writing before doing so, however.

Handling Consumer Problems

Car repairs are not only costly and inconvenient, they can be a real source of frustration—especially when they involve repeated trips to the dealer. Although most service people work hard to get you in and out of the shop as quickly as possible, occasionally you can run into problems. Should this happen, read the complaint procedures found in your owner's manual.

The first step is to return to the shop or dealer where the repairs were done. Take along a written list of problems. Include detailed information on driving conditions (speed, road condition, weather, etc.) when the problem occurs. Ask the service manager to join you on a test drive so you can point them out. Save all of your receipts, work orders, repair estimates and any other written records which relate to repairs. Keep track of the amount of time and money you have spent in attempting to get the problem corrected.

If the problem cannot be resolved with the dealer, the next step is to contact the zone manager and, if necessary, call or write the manufacturer's consumer affairs office. A toll-free number is usually listed in your owner's manual.

Be prepared. The representative will need to know the make, model and year of your car; the name and location of the service shop; the date(s) repairs have been made; a brief explanation of the problem; and the action you want taken. You might also consider taking the car to an independent garage to get an estimate on the work that needs to be done before you call.

If you are still dissatisfied, mediation and arbitration are effective avenues of redress. They are informal, fast, and do not require a lawyer. How do they work? Both you and the auto manufacturer present your side of the story to an outside mediator or panel of mediators, who then try to achieve an informal resolution of the problem. (Mediators are usually community volunteers and not necessarily auto experts.) If the efforts to mediate fail, arbitration is offered.

Auto manufacturers may subscribe to either the Council of Better Business Bureau's AUTO LINE program, the American Automobile Association's (AAA) program or the National Automobile Dealer Association's Automotive Consumer Action Program (AUTOCAP). Ford and Chrysler have their own arbitration programs. Check your owner's manual to see which program applies to you. All operate in much the same manner. In Canada, the Ontario Ministry of Consumer and Commercial Relations has established an arbitration program for new cars. The Better Business Bureau has similar programs available in other provinces.

Before requesting mediation or arbitration, obtain a written description of how the program works from a local program representative and be sure you understand it. Is the final decision binding on you? Can you appear at the hearing or is the complaint submitted in writing or over the phone? Make sure your facts are complete and organized in chronological order. The Center for Auto Safety has information packets on arbitration to help you prepare your case. (See page 29 for the address.) The attorney general's office at your state capitol may also be able to provide some assistance.

To further protect auto buyers, many states have passed repair/replace or "lemon" laws. If you have a new car with a serious problem that affects the use, safety or value of the car and it cannot be repaired in a reasonable length of time, you may be able to get either your money back or a new car. *Laws vary from state to state.* In some cases you must give the dealer or manufacturer an opportunity to correct the problem and submit to some type of arbitration program before going to court. To find out if your state has a lemon law and what the particulars are, contact your attorney general's office.

Lemon laws usually provide coverage for up to a year from the delivery date or from the expiration date of the warranty. In most states, the car is considered a lemon if it has been returned to the shop at least four times within the year for the same repair or if it is out of service for thirty days during the year due to major defects.

A small claims court can also be used to solve automotive disputes, providing the dollar amount involved is small. (The maximum amounts vary from state to state.) It is inexpensive to file and a lawyer is not required. Look in the phone book under city, county or state government for the small claims court nearest you. The court clerk can fill you in on the details for filing a claim. As a last resort, you could consider hiring your own lawyer and filing a lawsuit, but this is usually costly and often not necessary.

Suggested Resources

Organizations

Many trade associations, businesses and government agencies provide information on various aspects of automobile ownership upon written request. Some of these are listed below.

United States

American Automobile Association (AAA)
811 Gatehouse Road
Falls Church, VA 22047

American Automotive Leasing Association
1001 Connecticut Avenue, N.W.
Suite 1201
Washington, D.C. 20036

American Car Rental Association
2011 Eye Street, N.W., 5th Floor
Washington, D.C. 20006

Center for Auto Safety
2001 S Street, N.W., Suite 410
Washington, D.C. 20009

Consumer Information Center
Pueblo, CO 81009

Council of Better Business Bureaus, Inc.
1515 Wilson Boulevard
Arlington, VA 22209

Federal Trade Commission
6th and Pennsylvania Avenue N.W.
Room B-3
Washington, D.C. 20580

Insurance Information Institute
110 William Street
New York, NY 10038

Motor Vehicle Manufacturers Association
7430 Second Avenue, Suite 300
Detroit, MI 48202

National Highway Traffic Safety Administration (NHTSA)
Office of Public Affairs and
Consumer Participation, Room 5232
400 7th Street, S.W.
Washington, D.C. 20590

Canada

Better Business Bureau of Metropolitan Toronto
One St. Johns Road
Toronto, ON M6P 4C7

Canadian Automobile Association (CAA)
1775 Courtwood Crescent
Ottawa, ON K2C 3J2

Federation of Automobile Dealer Associations of Canada
Two Shepard Avenue East
Suite 1902
Willowdale, ON M2N 5Y7

Insurance Bureau of Canada
181 University Avenue, 13th Floor
Toronto, ON M5H 3M7

Books, Pamphlets and Periodicals

There are many outstanding publications on the various aspects of car ownership. A few of them are listed below for those readers wishing to delve deeper into this subject. Addresses not included here can be found under *Organizations*.

United States

Air Bags; **Auto Safety Defects and Recalls**; **Automatic Crash Protection**; **Brakes**; **Bumpers**; **Lighting**; **Odometer Fraud**; **Safety Belts—Proper Use**; and **Tires.** National Highway Traffic Safety Administration. Free.

All About Auto Electronic Products. Electronic Industries Association, AEP, P.O. Box 19100, Washington, D.C. 20036. Single copy free with a #10 self-addressed envelope with 45¢ postage.

Auto Insurance Basics and **Insurance for the Car.** Insurance Information Institute. Single copies free.

Becoming a Car Owner. Stein, Wendy. New Readers Press, Box 131, Syracuse, NY 13210. $4.95.

Buying a New Car; **Buying a Used Car**; **Car Repair**; **Auto Insurance**; and **Automatic Transmissions.** Council of Better Business Bureaus, Inc. $1.00 each with self-addressed, stamped #10 envelope.

The Car Book and **The Used Car Book.** Gillis, Jack. Harper and Row, Publishers, Inc., 2350 Virginia Avenue, Hagerstown, MD 21740. $9.95 each.

Changing Times, the December issue (annual buying guide to new cars) $2.50.

Changing Times Automotive Annual. Changing Times Books, The Kiplinger Washington Editors, Inc., 1729 H Street, N.W., Washington, D.C. 20006. $3.95.

A Consumer Guide to Vehicle Leasing. Federal Trade Commission. Order from the Consumer Information Center. 50¢.

Deals on Wheels. Page, Gordon. Simon and Schuster, 1230 Avenue of the Americas, New York, NY 10020. $7.95.

How to Make Your Car Last Almost Forever. Gillis, Jack. The Putnam Publishing Group, 200 Madison Avenue, New York, NY 10016. $6.95.

Making the Car. Motor Vehicle Manufacturers Association. Free.

New Car Buying Guide; **Car Ads: Low-Interest Loans and Other Offers**; and **Buying a Used Car.** Federal Trade Commission. Free.

New Car Prices; **Economy Car Buying Guide**; **Used Car Prices**; and **Foreign Car Prices.** Edmund Publications, 515 Hempstead Turnpike, West Hempstead, NY 11552. $3.95 each, plus $1.00 for first-class postage and handling.

What Your Car Really Costs: How to Keep a Financially Safe Driving Record. Economic Education Bulletin, American Institute for Economic Research, Great Barrington, MA 01230. $6.00.

Your Driving Costs (current year's edition). American Automobile Association. Enclose a self-addressed, stamped #10 envelope.

Canada

About Buying a Car; **Renting a Car**; and **Tips on Automobile Insurance.** The Better Business Bureau of Metropolitan Toronto. Free with a self-addressed, stamped envelope.

Autopinion Annual. Canadian Automobile Association. $4.95 to nonmembers.

Canadian Consumer's AutoSource. (published annually) Consumers' Association of Canada, 2660 Southvale Crescent, Level 3, Ottawa, ON K1B 5C4. $3.50.

Lemon-Aid New Car Guide and **Lemon-Aid Used Car Guide.** Edmonston, Phil. Stoddart Publishing Co., Ltd., 34 Lesmill Road, Don Mills, ON M3B 2T6. $14.95 each.

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